

GEORGIA DREAM SINGLE FAMILY DEVELOPMENT PROGRAM COMPLIANCE GUIDE

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Chapter 1 – General Program Administration

This Chapter provides instructions on the application process, how to start up your Georgia Dream Single Family Development Program project as well as an overview of significant administrative responsibilities for all Applicants.

Section 1. Application Evaluation

DCA will accept Applications on a continuous basis and Applications will be evaluated as they are received. Funding decisions will be made on a first come, first served basis according to the submission of a complete Application package. Applications must include all required documentation as described in the core application checklist. DCA will make funding notifications to Applicants within forty-five (45) days of the Application submission date. DCA will make funding decisions at DCA's sole and absolute discretion.

Application Review Process:

1. Completeness Review: Applications received by DCA will be reviewed for completeness including but not limited to:
 - Submission of Application fee; half percent of total subsidy requested.
 - Inclusion of all required Application forms; and
 - Submission of all required supporting documents;

Application Completeness: Applications submitted requesting the Expedited Review Process and missing three (3) or more documents will be returned to the Applicant.

2. Threshold Review: Completed Applications will be reviewed to determine if the project meets the Threshold requirements set forth in this Program Description. The listed contact on the Application that fail to meet Threshold requirements will be notified in writing by mail of the specific requirement(s) that the Application did not meet. If an Applicant believes the Threshold requirement(s) was met, the Applicant must respond in writing within five (5) business days from the date of the DCA notification letter. The response must provide clear and specific explanation of why the Applicant believes DCA's initial determination was incorrect. DCA will review the response and, if DCA decides that the initial determination was incorrect, the Application will be considered to have met the Threshold requirement.

Only those Applications that meet threshold requirements and are economically feasible will be considered for financing. Conditional Commitments will only be made upon the endorsement of an Application by DCA in its sole and absolute discretion. Notification of review results does not guarantee approval of a Development Subsidy or a Home Buyer Subsidy unless all requirements of the program and all representations made in the Application are met, at DCA's sole determination, upon completion of construction.

Administrative Discretion: In the event the amount of Single Family Development funds requested by Applicants exceeds the amount available or for any other reason judged by DCA to be meritorious at its sole and absolute discretion, DCA reserves the right to allocate resources based on the following criteria in order of preference:

1. Location of units within a community designated by DCA as a Signature Community
2. Project(s) which are not located within a Participating Jurisdiction
3. Applicant's status as a Community Housing Development Organization (CHDO) by DCA at the time of Application
4. Applications receive on a first come-first serve basis

Such actions will be made at DCA's sole and absolute discretion. Any decision DCA makes, and any action or inaction by DCA in administering, managing, and operating the allocation of Georgia Dream Single Family Development Program resources shall be final and conclusive and shall not be subject to any review, whether judicial, administrative or otherwise, and shall not be covered by, subject to, or required to comply with or satisfy any provisions of Chapter 13 of Title 50 of the Official Code of Georgia Annotated, the "Georgia Administrative Procedure Act."

Section 2. Activating Your Single Family Development Award

- A. Upon approval of an Application for Single Family Development funds, DCA will forward a Georgia Dream Single Family Development Conditional Commitment of Funds ("Agreement") to each selected Applicant (hereinafter "Applicant"). This Agreement is required by DCA for all Single Family Development recipients and covers the funding level, planned activities and program requirements.

The Georgia Dream Single Family Development Conditional Commitment of Funds will be signed by the Executive Director of Georgia Housing Finance Authority and given to the Applicant in an Award package. The Award package will contain two original copies of the signed Conditional Commitment of Funds.

- B. Executing Instructions:

- The Applicant must have their Authorized Representative examine the Agreement closely before signing and dating all required copies.
- The Authorized Representative must execute both copies of the Conditional Commitment of Funds and return one (1) original version to DCA by the date stated in the Agreement. The Applicant must retain one (1) copy for their records. If the Applicant does not return one (1) original version by the date stated in the Agreement, the Agreement shall automatically expire and have no further force and effect without further action by GHFA.
- Applicants who are awarded funds for the Development Subsidy must also complete and return a Wire Transfer Enrollment Form (Form SFD-1) and the Authorized Signature Form for request of funds (Form SFD-2) with the executed Conditional Commitment of Funds.

Section 3. Total Development Cost Certification

HUD requires that a cost certification (Certification) be prepared for all HOME-funded Georgia Dream Single Family Development awards receiving a Development Subsidy to determine the total actual cost of project development, including all construction hard costs and soft costs and financing costs incurred by the Applicant. This amount will be compared against the budgeted project costs at the time of application to ensure that the project has not been over-subsidized and windfall profits gained. The Applicant must prepare this Certification subsequent to the completion of project construction and the sale of the final unit authorized under this Agreement.

A. Processing Georgia Dream Single Family Development Program Cost Certifications

1. All Agreements issued for the Georgia Dream Single Family Development Program will contain a condition that, if a Development Subsidy is received, the DCA Certificate of Actual Total Development Cost (Form SFD-10a & 10b) must be completed subsequent to the completion of project construction and the sale of the final unit authorized under this Agreement. The Certificate must be completed within thirty (30) days of the sale of the final unit for the project authorized under the Agreement.
2. If the Actual Total Development Cost represented in the Certificate is less than the estimated Total Development Cost provided in the Application, the Applicant must return the difference up to the amount of the Development Subsidy provided (“Oversubsidy”) to GHFA to prevent a “windfall gain” of federal HOME funds by the Applicant. The Oversubsidy must be remitted to the Georgia Housing and Finance Authority with the Certificate.
3. DCA reserves the right, at its sole and absolute discretion, to conduct an independent audit of any Project to verify the Actual Total Development Cost represented in the Certificate. The Applicant is required to maintain documentation related to the Project for five (5) years after project completion. DCA may audit these records at any time during this period. Any misrepresentations found may be pursued under the provisions of the False Claims Act any other remedies identified by DCA.
4. Failure to provide the Certificate to DCA will result in the prohibition of the Applicant from future participation in any programs funded or administered by DCA until the Certificate is provided to DCA.

Section 4. Disbursement of Funds

This section outlines the basic procedures for communicating with DCA to enable Applicants to carry out their Georgia Dream Single Family Development activities. Detailed procedures are provided here for the primary tasks each Applicant must complete for each project. All required forms are located in Manual Appendix V. Applicants should mail all requests and correspondence to:

Ms. Kawanna Greenleaf
Housing Development Coordinator
Georgia Department of Community Affairs
Housing Finance Division
60 Executive Park South, N.E.
Atlanta, GA 30329-2231

A. General Requirements

1. Home Buyer Subsidy and Development Subsidy Disbursement

The Conditional Commitment of Funds will identify the amount of funds awarded to the Applicant for each unit as a Development and/or Home Buyer Subsidy. Prior to the purchase of any home constructed under the Georgia Dream Single Family Development Program by a qualified home buyer, DCA must have a complete record indicating that the unit has passed all inspection requirements of the program and has received a Certificate of Occupancy by the responsible local entity, if such certificates are issued by the entity. Under absolutely no circumstances will DCA provide a Home Buyer Subsidy or a Development Subsidy for a unit where the inspection process has not been completed and approved by DCA prior to the loan closing for the purchase of the home by an eligible home buyer. See Section 5 of this chapter for further information on the inspection process.

The following steps should be taken by the Applicant and the home buyer to obtain funds from the Georgia Dream Single Family Development Program.

a. Home Buyer Subsidy Disbursement

- Home Buyer Subsidy Reservation Form (Form SFD-6) should be provided to the potential home buyer by the Applicant. Once a potential home buyer receives Form SFD-6, the home buyer should submit the form to the DCA Participating Lender. This form will provide information to the lender of the home buyer's eligibility to receive a specific subsidy amount as a Home Buyer Subsidy.

Note: Form SFD-6 should not be issued to the potential home buyer until the Applicant and the potential home buyer have entered into a purchase and sale agreement. This form should be attached to the purchase and sale agreement and submitted to the Participating Lender.

- The DCA Participating Lender will forward Form SFD-6 to DCA with the potential home buyer's loan package for review and approval of funds.

b. Development Subsidy Funds Request

- Development Subsidy Request Form (Form SFD-7) should be completed and submitted to DCA by the Applicant within five (5) business days after sale of the unit. The following documentation should be submitted along with (Form SFD-7):
 - Purchase and Sale Agreement for the unit
 - Closing Documents (HUD-1) for the unit.
 - Appraisal for the unit.

Section 5. Project Implementation Timeframe

Completion of the Single Family Development project must occur as represented in the approved Application and the executed Conditional Commitment of Funds. The following activities must be completed:

- Applicant must close their construction loan within forty-five (45) days of execution by both parties of the Conditional Commitment of Funds.
- Applicant must begin construction within sixty (60) days of execution by both parties of the Conditional Commitment of Funds in accordance with the construction contracts represented in the Application.
- Applicant must complete the sale of all units to qualified borrowers within thirty-six (36) months of entering into the Conditional Commitment of Funds.
- If a Development Subsidy is provided, the Applicant must provide a completed Certificate of Actual Total Development Costs within thirty (30) days of the sale of the final unit authorized under the Agreement.

Section 6. Georgia Dream Single Family Development Program Reports

Reporting is mandatory for the Georgia Dream Single Family Development Program for those projects awarded funds for a Development Subsidy. All reports outlined below are due quarterly and should be submitted to DCA within thirty (30) days of the close of the quarter. The quarterly schedule will begin on the first day of the first month after the month in which the Conditional Commitment of Funds is executed. For instance, if the Conditional Commitment of Funds is executed on September 29, 2007, the first quarter will begin on October 1, 2007. The first set of quarterly reports will be due on January 30, 2008 and will cover the period of October 1 – December 31, 2007. Failure to submit reports to DCA within the time outlined below may delay the disbursement of funds. The following reports and documentation should be submitted as follows:

- Single Family Development Section 3 Activity Summary Report (Form SFD-12)

Information submitted will describe the number of Section 3 eligible persons employed by the Applicant, General Contractor and any subcontractor residing within the area in which the project is located.

- Single Family MBE/WBE Report (Form SFD-11)

Information submitted will include the number and value of contracts and subcontracts made to all contractors and those identified as minority and women owned businesses.

Adherence to this implementation schedule is extremely important. Future funding decisions will take into account timely implementation of current and past funding awards. DCA reserves the right to deny an Applicant's future funding requests if an acceptable level of funding under an existing award has not been drawn down. Failure to complete a project within the established thirty (36) month timeframe may result in the termination of the Award in accordance with the terms of the Conditional Commitment of Funds and in the placement of restrictions on the Applicant for future DCA funding.

Do not delay in getting started - housing program administration is not easy and requires long lead times to accomplish established goals.

Section 7. Inspections

A. Third Party Inspections

Applicants are required to obtain inspections during construction of the unit(s) from local government building and inspection department where the unit(s) is/are located. If the local jurisdiction does not have a building and inspection department, Applicants must utilize DCA's list of Approved Building Inspectors as listed the Manual. Once the unit is completed, Applicant must obtain certification from a third party HQS inspector to certify that the unit meets the Georgia Dream Single Family Development Program accessibility requirements. The Development Subsidy and/or Home Buyer Subsidy will not be disbursed until DCA receives such certification.

Form SFD-8 with attached inspection report should be submitted to the DCA Housing Development Coordinator within ten (10) business days after the inspection has been completed. Additional inspections may be required by DCA, at its sole and absolute discretion, during the construction on a case-by-case basis. Any additional inspections will be paid for by the Applicant as part of the development budget.

Note: The Georgia Dream Single Family Development Third-Party Inspector must certify that all construction or repairs meet DCA accessibility requirements and the representations made by the Applicant in their funding request through this program.

B. Inspections for Lead-Based Paint

Any units constructed prior to 1978 which will be rehabilitated under the Georgia Dream Single Family Development Program must meet all lead-based paint requirements issued by the U.S. Department of Housing and Urban Development. A copy of the initial inspection must be provided at the time of Application. Clearance letters, when necessary, must be submitted as outlined in Chapter 1 Section 5 of the Manual.

Section 8. Monitoring Your Progress

Applicants must constantly monitor their own performance under the Georgia Dream Single Family Development Program to insure timeframes are being met and to control the quality of the product being delivered. Any problems, delays or adverse conditions that will affect the Applicant's ability to meet its stated goals should be reported to DCA immediately by contacting the Housing Development Coordinator.

DCA may require the Applicant to provide additional program information on an "as needed basis."

Section 9. Avoiding Conflicts of Interests

A. *Procurement of Property and Services:*

No person who is currently an employee, agent, consultant, officer, elected or appointed official of DCA (hereinafter collectively referred to as "Person") may obtain a financial benefit

or interest from any Georgia Dream Single Family Development-assisted activity; have an interest in any contract, subcontract or agreement related to any Georgia Dream Single Family Development-assisted activity; or obtain any proceeds from a contract, subcontract or agreement relating to any Georgia Dream Single Family Development-assisted activity. The prohibition only applies to a Person who has a Georgia Dream Single Family Development-related responsibilities, or is in a position to participate in the decision making process or has access to inside information. This prohibition is to remain in effect for one year after the tenure of said Person has expired. This prohibition also applies to the Person's immediate family members and business associates.

If a potential conflict of interest exists involving any of the above-mentioned parties as described above, the potential conflict of interest must be disclosed to DCA. DCA may seek to obtain a waiver from HUD prior to awarding funds to the project. DCA's request to HUD for a waiver will include a description of the nature of the conflict, an assurance that all interested parties have publicly disclosed the conflict, and an opinion from the Georgia Attorney General's office stating that any waiver of the conflict would not violate state or local law. DCA may request the waiver from the HUD Regional Office. If a potential conflict of interest exists between the above-mentioned parties, DCA may require the Applicant to provide information and assist in the preparation of the waiver request.

A certification should be submitted at the time of Application stating that no conflict of interest exists, and a section of the application allows for the identification of any potential conflicts of interest.

B. *Owners and Developers:*

Whenever an Applicant is directly contracting for goods and services for the Georgia Dream Single Family Development Program, the HOME Program Conflict of Interest provisions apply. The provisions are under 24 CFR 92.356.

No owner, developer or sponsor of a project assisted with the Georgia Dream Single Family Development funds (or officer, employee, agent or consultant of the owner, developer or sponsor) whether private, for profit or nonprofit may occupy a Georgia Dream Single Family Development-assisted affordable housing unit in a project. Any exceptions must be approved in advance by DCA in its sole and absolute discretion and, then, only when the Applicant can demonstrate to DCA that the exception will serve to further the purposes of the Georgia Dream Single Family Development Program.

This provision does not preclude an income eligible, volunteer/owner participating in the construction of a single-family dwelling unit as part of a self-help homeownership program (e.g. Habitat for Humanity) when the individual is not an official, employee, agent, or consultant of the developer.

NOTE: If you have any questions regarding who may or may not be covered under the conflict of interest provisions above, please call DCA immediately to discuss such matters ***prior to entering into any contracts.***

Section 10. Lobbying Prohibitions

The funds for your loan from the Georgia Dream Single Family Development Program will originate from federal and state resources available to DCA. Each Applicant will receive some combination of these resources based on the type of work activity proposed. As such, DCA will apply all applicable provisions of the Byrd Amendment to all federal funds made available through this program.

The Byrd Amendment prohibits a recipient of federal funds from using said federal funds to lobby members of Congress; and in the event that recipient of federal funds uses other non-federal monies to lobby Congress, requires disclosure of lobbying activities. The Byrd Amendment requirements apply to Federal contracts, grants and cooperative agreements exceeding \$100,000 and Federal loans exceeding \$150,000.

Execution of the forms described below by the appropriate individual or entity, evidencing compliance with the Byrd Amendment must occur prior to loan closing, or for contractor or subcontractors selected after loan closing, before they are allowed to start work.

- A. Applicant – An Applicant who expects to receive a Georgia Dream Single Family Development loan in excess of \$150,000 must certify that the funds will not be used to lobby Congress. If the Applicant uses non-federal to lobby Congress, then the Owner must also submit to DCA a Standard Form Disclosure or Lobbying Activities (SF-LLL). The Applicant is responsible for ensuring compliance with the Byrd Amendment by all contractors and subcontractors.
- B. Contractor – Any developers, contractors (including architects, engineers and other consultants which are contractors) (“Contractor”) who receive federal funds in excess of \$100,000 in association with the Single Family Development loan must complete and submit SF-LLL to the Applicant. The Applicant will forward the signed SF-LLL to DCA.
- C. Subcontractor – If the Contractor pays anyone (“Subcontractor”) in connection with the Single Family Development project an amount in excess of \$100,000, the Subcontractor must submit SF-LLL to the Contractor, who will provide the form to the Applicant). The Applicant will forward the Subcontractor’s submitted SF-LLL to DCA.

Section 11. Sanctions

Whenever DCA determines that an Applicant failed to comply with the requirements of the Georgia Dream Single Family Development Program, including those requirements listed in this Manual, DCA shall notify the Authorized Representative of the Applicant of the noncompliance and shall request appropriate compliance action. DCA will not provide either the Home Buyer Subsidy or Development Subsidy for any unit that does not comply with the requirements of the Program, this Manual or the representations provided in the Application. If the Applicant fails or refuses to comply with any program requirement within a reasonable period of time, DCA may:

- A. Refer the matter to the Attorney General with a recommendation that an appropriate action be instituted;
- B. Terminate participation in the program;

- C. Prohibit the Applicant from participation in future Single Family Development competitions;
- D. Take such other action as may be provided by law.

Section 12. Closing Out Your Projects.

Projects Receiving a Development Subsidy:

Applicants awarded a Development Subsidy must close out their project by submitting the following Final reports below within thirty (30) calendar days of the date of sale of the last unit. The reports are as follows:

- Certificate of Actual Total Development Cost (Form SFD-10)
- Final Single Family Development Section 3 Activity Summary Report (Form SFD-12)
- Final Single Family MBE/WBE Report (Form SFD-11)
- Digital photographs of each unit completed under this program.

Projects receiving a Home Buyer Subsidy *only*.

- Digital photographs of each unit completed under this program.

Chapter 2 - Major Applicable Laws and Regulations

This Chapter outlines the most important laws and regulations affecting your Georgia Dream Single Family Development award. More specific HOME regulatory and programmatic requirements follow in Chapters 3, 4 and 5.

Section 1. Environmental Requirements

For each development site proposing less than five (5) units for Georgia Dream Single Family Development assistance, the Applicant must complete an **Environmental Screening Checklist** (Form SFD -4) at the time of Application. Any items that are triggered by regulations listed on the Screening Checklist must be addressed by completing a Standard Mitigation plan which outlines steps to correct or address those problems. This plan will be reviewed and approved by DCA. If the Standard Mitigation plan is not approved, DCA will notify the Applicant in writing on how to proceed with addressing those problems.

All projects proposing five (5) or more units on a contiguous site, must complete an Environmental Screening Checklist and a Phase I Report must be completed. If the results of the Phase I require that a Phase II be completed, the Phase II must also be completed and submitted at time of Application. The Environmental Phase I and Phase II report must meet DCA Environmental Guidelines (*see Manual Appendix F*). The Phase I and Phase II should be conducted by a professional engineer and also submitted at the time of Application.

NOTE: Applicants requesting Home Buyer Subsidy only are not required to submit a Phase I report at the time of application submission.

If the property is greater than fifty (50) years of age, any activity must be reviewed for its possible affect under the National Historic Preservation Act. DCA has entered into a Programmatic Agreement on Historic Preservation for purposes of compliance with the National Historic Preservation Act. This Agreement significantly increases local jurisdiction over historic preservation issues and provides for many new exempt activities. Each Applicant must comply with the terms of the Programmatic Agreement as a General Condition of the Statement of Award. A copy of the Programmatic Agreement is attached in Manual *Appendix G*.

Applicants will not be awarded funds for projects which do not comply with HUD's Environmental Review requirements (24 CFR 58.35).

Section 2. Uniform Relocation Act

The Uniform Relocation Act regulations apply to all Applications submitted to the Georgia Dream Single Family Development Program. Therefore, the following requirements apply.

- A. The Georgia Dream Single Family Development Program requires that the Seller of a property must certify:
 - 1. That no tenants have occupied the property for a period of one year prior to the date of the purchase or option to purchase contract.
OR
 - 2. That the property was occupied by tenants within the past year prior to the date of the purchase or option to purchase contract, but that the tenant(s) were not asked to move in order to participate in this transaction and that the tenants either voluntarily moved or were evicted for cause.
OR
 - 3. That the property is tenant occupied and the Seller agrees to allow egress/ingress to the site so that required notices can be delivered to each resident, and that each resident can be personally surveyed to determine their replacement housing need and related moving cost. This certification must be provided on the Seller's Occupancy Certification form.
- B. Uniform Relocation Act acquisition rules cover all involuntary purchases for a project that is receiving federal financial assistance. Voluntary sales are negotiated between the seller and the Applicant without the threat of eminent domain or condemnation. Therefore, they are not regulated by URA. However, certain notice requirements are applicable for these projects. Before a binding sales contract is executed for a property which will ultimately receive Single Family Development funds, property owners who are voluntarily selling a property must receive notice:

*** That the property will not be taken by eminent domain.**

*** Of the estimated fair market value of the property.**

If an Applicant is not able to give the required notice prior to the initiation of the contract, then the Seller/Owner must be allowed to withdraw from the purchase agreement after receipt of the Notice.

If the Applicant fails to give this notice, the Seller/Owner may be able to claim that the acquisition was involuntary. This may cause relocation assistance to be available to the

Seller/Owner. These notices must be personally served or sent by certified or registered first class mail.

- C. If any existing property is tenant occupied, the Applicant must include funds in its development budget to cover the relocation benefits for which the tenant is eligible.

Section 3. Property Standards and Construction Codes

At the time of unit completion, housing constructed, reconstructed or rehabilitated through the Georgia Dream Single Family Development Program must meet all applicable state and local codes, the Housing Quality Standards at 24 CFR 982.401, the Single Family Development Minimum Construction Standards (*See Manual Appendix B*), and local zoning ordinances.

State Minimum Standard Codes: Eight (8) “mandatory” codes are applicable to all construction, whether or not they are locally enforced. In addition, there are six (6) “permissive” codes that are only applicable if a local government chooses to adopt and enforce one or more of these permissive codes.

Newly constructed housing must meet the **current edition** of the Model Energy Code published by the Council of American Building Officials, which is the Georgia State Energy Code for Buildings. Appendix C provides further information on the fourteen “state minimum standard codes.”

Single Family Development-assisted housing must meet all applicable State and local housing quality standards and code requirements, and if there are no such standards or code requirements, the housing must meet the Housing Quality Standards in 24 CFR 982.401.

Accessibility.

At the time of unit completion, newly constructed housing through the Georgia Dream Single Family Development Program must meet the accessibility requirements in the regulations referred in 24 CFR Part 5.105(a) which implement the Fair Housing Act and any applicable standards of Section 504 of the Rehabilitation Act of 1973.

In addition, housing that is newly constructed or reconstructed must also comply with O.C.G.A. §8-3-172. The following requirements must be met:

- 1) At least one entrance door, whether located at the front, side or back of the building must be on an accessible route served by a ramp or no step entrance and have at least a standard 36-inch doorway.
- 2) On the first floor of the building:
 - a) Each interior door must be at least a standard door (32-inch clear-way), unless the door provides access only to a closet of less than 15 square feet in area.
 - b) Each hallway must have a width of at least 36 inches and be level, with ramped or beveled changes at each door threshold.
 - c) Each bathroom wall must be reinforced for potential installation of grab bars.
 - d) Each electrical panel or breaker box, light switch or thermostat must not be higher than 48 inches above the floor.
 - e) Each electrical plug or other receptacle must be at least 15 inches above the floor.
- 3) The main breaker box must be located inside the building on the first floor.

A waiver may be requested of the requirement that one entrance door be on an accessible route served by a ramp or no-step entrance if the cost of grading and other such improvements to the terrain which are required in order to meet the requirement is unreasonably expensive. To request an Accessibility Waiver, the Applicant must complete and submit a waiver for each unit (*Form SFD-5*) to DCA at the time of Application. DCA will review such waiver requests at its sole and absolute discretion.

B. Easy Living Home Standards

Applicants are encouraged to apply Easy Living Standards to each proposed unit listed within its Application. Easy Living Standards are defined as follows:

- A. Easy Entrance: A zero step entrance.
- B. Easy Passage: Ample width of all main floor doorways (minimum 32" clear).
- C. Easy Use: At least one bedroom and full bathroom on the main floor with sufficient maneuvering space.

Applicants proposing units will be constructed according to the Easy Living Standards must receive certification from the Easy Living Home Program that the unit has met the Easy Living Home Standards. For more information about the Easy Living Homes Program, contact (770)270-1611 or visit their web site at www.easylivinghome.org.

C. Energy Star Program Standards

Energy Star qualified homes are independently verified to be at least 30% more energy efficient than homes built to the 1993 national Model Energy Code or 15% more efficient than the state energy code, whichever is more rigorous. These savings are based on heating, cooling and hot water energy use and are typically achieved through a combination of:

- Building envelope upgrades,
- High performance windows,
- Controlled air infiltration,
- Upgraded heating and air conditioning systems,
- Tight duct systems, and,
- Upgraded water-heating equipment.

These features contribute to improved home quality and homeowner comfort, and to lower energy demand and reduced air pollution. Energy Star also encourages the use of energy-efficient lighting and appliances, as well as features designed to improve indoor air quality.

Verification of a home's energy efficiency by a third party verifier is an integral step in acquiring the Energy Star label and certificate. Verification is generally dependent upon the construction method used to build the home. Homes constructed on-site are typically verified using one of two methods:

- HERS Ratings
- Builder Option Packages (BOPs)

Home Energy Ratings Systems (HERS) Ratings

A HERS rating is an evaluation of the energy efficiency of a home, compared to a computer-simulated reference house of identical size and shape as the rated home that meets minimum requirements of the Model Energy Code (MEC). The HERS rating results in a score between 0 and 100, with the reference house assigned a score of 80. From this point, each 5% reduction in energy usage (compared to the reference house) results in a one point increase in the HERS score. Thus, an ENERGY STAR qualified new home, required to be significantly more energy-efficient than the reference house, must achieve a HERS score of at least 86.* HERS ratings are conducted by third party HERS raters. To find a rater near you, use the New Homes Partner Locator.

HERS ratings involve the analysis of a home's construction plans and at least one on-site inspection of the home. The construction plan review allows the home energy rater to attain technical information such as orientation, shading area, proposed SEER rating, insulation levels, etc. The on-site inspection includes a blower door test (to test the leakiness of the house) and a duct test (to test the leakiness of the ducts). Results of these tests, along with inputs derived from the construction plan review, are entered into a computer simulation program that generates the HERS score and the home's estimated annual energy costs.

*Typically, ENERGY STAR qualified new homes are at least 30% more energy-efficient than standard homes. However, depending on the rigor of an individual state's energy code, this percentage may vary.

Builder Option Packages (BOP) Ratings

A Builder Option Package (BOP) is the other manner through which a home can be qualified as an ENERGY STAR qualified new home. BOPs represent a set of construction specifications for a specific climate zone. BOPs specify performance levels for the thermal envelope, insulation, windows, orientation, HVAC system and water heating efficiency for a specific climate zone that meet the standard. (For the purposes of using BOPs, the U.S. has been divided into 19 separate climate zones).

For additional information regarding the Energy Star Program visit the web site at www.energystar.gov.

All Applications will be required to submit the required certification at Application that the unit meets the Energy Star Program Standards.

D. Manufactured Housing

Construction of all manufactured housing must meet the Manufactured Home Construction and Safety Standards established in 24 CFR Part 3280. These standards pre-empt state and local codes covering the same aspects of performance for such housing. Applicants providing Single Family Development assistance to install manufactured housing must comply with all applicable state and local laws or codes (refer to Manual Appendix H, "Installation Requirements for Manufactured Homes," as set forth by the Office of the Georgia Safety Fire Commissioner, Manufactured Housing Division, Chapter 120-3-7, manufactured and mobile homes, Appendix A Regulations. Please note that these installation instructions shall be followed whenever the manufacturer's instructions do not stipulate certain installation requirements, or when clarification is needed, or when the manufacturer's instructions state that the issue is left to the regulatory authority having jurisdiction.

It is generally advised that manufactured housing requiring more than \$5,000 in total rehabilitation costs in order to bring the unit into compliance with local Minimum Property Standards (MPS) or Housing Quality Standards (HQS) should be considered for replacement. Replacement of the manufactured housing unit is considered Reconstruction for purposes of the Georgia Dream Single Family Development Program. DCA will not consider for funding any manufactured home units where rehabilitation costs will exceed \$5,000.

Replacement Manufactured Housing must be new or standard housing in conformance with the National Manufactured Home Construction and Safety Standards Act of 1974 as amended. Manufactured Housing must be permanently affixed in accordance with HUD's Handbook 4930.3, *Permanent Foundations Guide for Manufactured Housing*.

DCA has established that "used" manufactured homes are not allowed under the Georgia Dream Single Family Development Program.

At the time of project completion, the manufactured housing unit must be connected to permanent utility hook-ups and be located on land that is owned by the owner of the manufactured housing unit.

E. Lead-Based Paint Poisoning Prevention Act. (42 U.S.C. 4831-5 et al) and HUD implementing regulations at 24 CFR part 35.

Whenever housing under consideration for Georgia Dream Single Family Development funding was built before 1978, it is the responsibility of the Applicant to follow HUD's regulation, "Requirements for Notification, Evaluation and Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance," as set forth in Manual Appendix E.

F. Historic Housing Rehabilitation and New Construction in Historic Districts.

Beginning in 1997, DCA and the State Historic Preservation Office (SHPO) began operating under a Programmatic Agreement for Historic Preservation of Affordable Housing. The new Programmatic Agreement exempts certain rehabilitation activities in potentially historic (over 50 years old) units - and no historic review is necessary. When more extensive work is proposed for a potentially historic unit, Applicants can:

- Hire a local Preservation Professional to determine eligibility of the unit for listing;
- If a unit is deemed eligible, the Applicant can work with the local Preservation Professional to carry out more extensive rehabilitation, in accordance with standard approaches provided in the Agreement, than may be permitted by the Secretary of Interiors Standards;
- If planned work exceeds that deemed acceptable for continued eligibility, the Preservation Professional can work with the Applicant through a Standard Mitigation Process that greatly streamlines the normal 106 Review Process.

By virtue of signing the Statement of Special and General Conditions, each Applicant agrees to comply with the terms of the Programmatic Agreement.

A copy of the Programmatic Agreement is included in Manual Appendix G.

Section 4. Septic Tanks and Wells

Each proposed lot for housing must meet Official Code of Georgia 12-5-134 for installation of a private well(s) and Rules of Department of Human Resources Public Health Chapter 290-5-26 for septic system outlined in the Manual Appendix F. Applicant must submit a letter at Final Application or Expedited Review Process from the local Health Department certifying the septic tanks and wells.

Section 5. Fair Housing and Equal Opportunity (FH&EO)

There are several federal laws and executive orders which address discrimination and economic opportunity. Applicants must certify that they will conduct Georgia Dream Single Family Development Program activities in accordance with these federal mandates. The following federal requirements apply to Georgia Dream Single Family Development Programs:

- A. Title VI of the Civil Rights Act of 1964, 42 U.S.C. §2000d. Title VI and implementing regulations, as amended, prohibits discrimination on the basis of race, color, national origin, religion, or sex, in program participation or the receipt of program benefits which are funded in whole or in part with federal funds, including Single Family Development.
- B. Title VIII of the Civil Rights Act of 1968, 42 U.S.C. §3601 et seq. Title VIII and implementing regulations, as amended, prohibit discrimination in the sale or financing of a dwelling to any person because of race, color, religion, sex, national origin, handicap, or family status.
- C. Federal Fair Housing Act, 42 U.S.C. §3601 et seq. (1968) and the Georgia Fair Housing Act, O.C.G.A. §8-3-200 et seq. These fair housing acts requires Applicants to affirmatively further fair housing and provide protection against the following acts, if they are based on handicap, race, color, religion, sex, national origin, or family status:
 - 1. Refusing to sell or rent, to deal or negotiate with any person (Section 804(a));
 - 2. Discriminating in terms or conditions for buying or renting housing (Section 804(b));
 - 3. Discriminating by advertising that housing is available only to persons of certain family status, race, color, religion, sex, or national origin (Section 804(c));
 - 4. Denying that housing is available for inspection, sale or rent when it really is available (Section 804(d));
 - 5. “Blockbusting” - persuading owners to sell or rent housing by telling them that minority groups are moving into the neighborhood (Section 804(e));
 - 6. Denying to anyone the use of or participation in any real estate services, such as broker's organizations, multiple listing services or other facilities related to the selling or renting of housing (Section 806);
 - 7. Denying or making different terms or conditions for home loans by commercial lenders, such as banks, savings and loan associations and insurance companies (Section 805);

- D. Affirmative Marketing. Applicants submitting application for five (5) or more units must comply with Affirmative Marketing. In order to affirmatively further fair housing practices in accordance with the HOME Final Rule at 24 CFR 92.351, Applicants must comply with the following requirements:

1. Submit an Affirmative Marketing Plan at the time of Application outlining marketing procedures and requirements which provide information and otherwise to attract eligible persons (buyers) in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability.

NOTE: The Affirmative Marketing Plan requirement is a Special Condition of the Single Family Development Award. The Affirmative Marketing Plan must be submitted to DCA as part of the Application. Applicants awarded funding must have an Affirmative Marketing Plan approved by DCA. (*See Manual Appendix O*) for Affirmative Marketing Plan form and further instructions.

- E. Executive Order 11063 - Equal Housing Opportunity, as amended by Executive Order 12259. Applicants must take all action necessary and appropriate to prevent discrimination based on race, color, religion, creed, sex, national origin, familial status or disability in the sale of residential property, provided with Georgia Dream Single Family Development funds and in the lending practices with respect to residential property.
- F. Minority Business Enterprise Executive Orders 11625, 12432, and 12138. Applicants must make reasonable efforts to encourage the use of minority and women owned business enterprises (MBE/WBE) in Single Family Development funded projects. The Applicant is required to complete and submit to DCA an MBE/WBE Outreach Plan part of their Application. (*See MBE/WBE Outreach Plan in Manual Appendix P*).

Applicants must document participation by MBE/WBE contractors and subcontractors as part of their Georgia Dream Single Family Development project. See Chapter 1 Section 4 for further information regarding the submission of the required reports.

NOTE: The MBE/WBE Outreach Plan requirement is a Special Condition of the Georgia Dream Single Family Development Award and must be submitted to DCA as part of the Application. The Applicant must have a DCA-approved MBE/WBE Outreach Plan prior to the award of the Georgia Dream Single Family Development Funds.

- G. The Age Discrimination Act of 1975, 42 U.S.C. §6101-07. This Act and its implementing regulations, as amended, prohibit discrimination against any person on the basis of age.
- H. Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. §794. Applicants must comply with applicable parts of Section 504 of the Rehabilitation Act of 1973, as amended. HUD published implementing regulations (24 CFR Part 8) as a Final Rule on June 2, 1988. The general requirement is that no otherwise qualified individual with handicaps shall, because an Applicant's facilities are inaccessible to or unusable by individuals with handicaps, be excluded from participation in, denied benefits, or otherwise be subjected to discrimination under any program or activity that receives federal assistance. The definition of handicapped includes physical and mental factors and also includes those who may be regarded as handicapped. Building accessibility and employment practices are governed by Section 504.

Section 504 requires for all Single Family Construction activities that the Applicant make all reasonable modifications to the unit if requested by the home buyer for the purposes of improving the accessibility of the unit for the purchaser.

- I. Americans with Disabilities Act of 1990 (ADA), (42 U.S.C. §12116 et. seq.). The ADA prohibits discrimination in employment on the basis of disability (Title 1) and prohibits discrimination on the basis of disability in state and local government services (Title 11).
- J. Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 417 1 U et. seq.). This provision requires that, to the greatest extent feasible, opportunities for training and employment arising in connection with planning and carrying out any project assisted with federal funds that receives in excess of \$200,000 (or in excess of \$100,000 to a single contractor) in Federal funds, be given to low-income persons residing within the program service area. In addition, to the greatest extent feasible, contracts for work (of all types) to be performed in connection with any project must be awarded to business concerns, including but not limited to individuals or firms doing business in the field of planning, consulting, design, maintenance or repair, which are located in or owned in substantial part by persons residing in the program service area. All Single Family Development Applicants will be required to document compliance with the Section 3 requirements each quarter and as a condition of their final Development Subsidy request. Reporting requirements under this provision are detailed further in Chapter 1, Section 4.

Chapter 3 - Eligible Single Family Development Activities and Costs

The Georgia Dream Single Family Development Program is regulated by DCA and the U.S. Department of Housing and Urban Development (HUD) in conformance with 24 CFR Part 92, the HOME Final Rule. The following are the major activities and costs permitted under the Georgia Dream Single Family Development Program.

Section 1. Eligible Activities

In general, the following activities are eligible under the Georgia Dream Single Family Development Program:

Development Subsidy: A Development Subsidy is the difference between the total project cost per unit and the average per unit sales price, as evidenced by the after construction appraised value of each unit at the time of Application. The maximum amount of development subsidy an Applicant may receive is \$20,000 for a qualified unit upon its purchase by a qualified home buyer. The Development Subsidy is made available to the Applicant as a grant.

Home Buyer Subsidy: A Home Buyer Subsidy is the amount of funds needed to ensure that a family of four individuals earning 65% of Area Median Income (AMI) pays no more than 25% of their income towards their housing costs. The maximum amount of homebuyer subsidy per unit is \$20,000 and the minimum amount is \$7,500. The Home Buyer Subsidy is made available to the purchaser of the unit as a 0% interest, deferred payment loan. All units receiving a Development Subsidy must receive a Home Buyer Subsidy.

The Home Buyer Subsidy is calculated as follows:

- A. Determine the AMI for the County for a Family of Four.
- B. Multiply the AMI by 65%.
- C. Determine the Monthly Payment that this family can afford such that no more than 25% of their monthly income is paid for housing.
- D. Subtract \$100 from the Monthly Payment for Taxes and Insurance to determine the monthly Principal and Interest Payment for the unit.
- E. Assuming a 6.5% interest rate, determine the Present Value of the principal paid over 30 years (360 months).
- F. Subtract the amount calculated in Step E from the Average Sales Price of All Units Assisted to determine the Home Buyer Subsidy.
- G. If the amount calculated in Step F is less than \$7,500, then the Home Buyer Subsidy is rounded up to \$7,500. If the amount calculated in Step F is equal to or greater than \$7,500, then the Home Buyer Subsidy is equal to the amount calculated in Step F.

For an Application in Sample County where the Average Sales Price of All Units Assisted equals \$75,000, the Home Buyer Subsidy is calculated as follows:

- A. AMI of Sample County equals \$39,500
- B. $\$39,500 \times 65\% = \$25,675$
- C. $(\$25,675/12) \times .25 = \535
- D. $\$535 - \$100 = \$435$
- E. $PV = \$68,821$
- F. $\$75,000 - \$68,821 = \$6,179$
- G. Home Buyer Subsidy = \$7,500

For an Application in Sample County where the Average Sales Price of All Units Assisted equals \$85,000, the Home Buyer Subsidy is calculated as follows:

- A. AMI of Sample County equals \$39,500
- B. $\$39,500 \times 65\% = \$25,675$
- C. $(\$25,675/12) \times .25 = \535
- D. $\$535 - \$100 = \$435$
- E. $PV = \$68,821$
- F. $\$85,000 - \$68,821 = \$16,179$
- G. Home Buyer Subsidy = \$16,179

Total Subsidy Cap: When an Applicant demonstrates within an Application a need for a Development Subsidy and a Home Buyer Subsidy, the maximum amount a unit may receive is \$40,000 ("Total Subsidy Cap"). The \$20,000 cap for each individual subsidy type continues to apply.

Boost to Subsidy Caps: Applications that meet the stated requirements for the Easy Living Home Program, and/or the Locational Characteristics will receive an increase of the subsidy cap amount up to the total amount stated for the requirements for that factor. The boost amounts for each requirement are:

- Easy Living Home Program: \$2,000
- Location: \$2,000
- Energy Star Program: \$2,000

Applicants may propose to distribute this “Boost” between the Home Buyer Subsidy Cap and the Development Subsidy Cap as they choose and as required by their Application. In addition, the Total Subsidy Cap may also be increased by the amount stated for the met factor. Applications that meet multiple boost requirements will receive a total Cap Boost equal to the combined boost amounts of all requirements met.

Construction financing is not eligible. Financing for construction must be obtained from other financial institutions or agencies and the Applicant shall assume any risks associated with the construction loan. All Agreements to provide the Development Subsidy and/or Home Buyer Subsidy will be conditioned upon the Applicant’s completion of a unit which meets all requirements of the program and representations made by the Applicant when seeking assistance.

Section 2. Eligible Development Costs

2.A. Infill Construction vs. Subdivision Development

Development may occur on both in-fill lots or on a single site which will be divided into separate lots where one unit will occupy one lot.

For the purposes of this Program, DCA will consider a “Subdivision” as any project that is one contiguous piece of property that will be split into multiple lots for the development of single family units and which will include the installation of utilities on the property for service to each lot.

DCA will consider as “in-fill housing” any project that includes scattered lots where each lot is surrounded on two sides by established residential units and each lot does not require the installation of utilities to the lot. To be considered “surrounded on two sites by established residential units,” an Applicant may consider lots immediately adjacent to the lot in question or immediately across the street from the lot in question. Further, if several adjacent vacant lots exist, all lots may be considered as one parcel for the sole purpose of determining if the lots qualify as “in-fill housing.”

2. B. Eligible Forms of Development

- A. New Construction - Units developed through the Georgia Dream Single Family Development Program may be new construction.

Adjacent vacant, in-fill lots may be combined into one parcel and one unit built on the parcel if each lot individually does not meet local zoning codes for the construction of new single family housing.

Similarly, if the separate costs of rehabilitating two existing units exceeds 75% of the after-rehabilitation appraised value of each unit and, if local zoning codes prohibit the construction of a new unit on each existing lot, the lots may be combined and one unit

constructed as a “new construction” activity under the Georgia Dream Single Family Development Program.

- B. Reconstruction – Reconstruction of a single family dwelling unit is an eligible development activity when the estimated cost of rehabilitation of the existing unit is seventy five percent (75%) or greater of the total estimated after-rehabilitation value of the existing unit. Rooms may be added outside the foundation or footprint of the housing being reconstructed, but the reconstructed housing must be substantially similar to the original housing. During reconstruction, the number of rooms per unit may change, but the number of units may not.

Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new standard unit of manufactured housing.

- C. Rehabilitation - Rehabilitating a vacant, dilapidated single family dwelling unit where the estimated cost of rehabilitation of the existing unit is less than seventy five percent (75%) of the total estimated after-rehabilitation value of the existing unit is an eligible activity. Upon completion of construction, the unit must meet all applicable local codes and property standards as defined by the Georgia Dream Single Family Development Program. If the unit was built prior to 1978, the unit must be rehabilitated following all Lead-Based Paint guidelines.

Section 3. Eligible Projects

Applicants may submit a project to DCA that includes up to two (2) general construction contracts for the construction/rehabilitation/reconstruction of the units proposed. A separate general construction contract must be entered into for all rehabilitation activity and for all new construction activity if the Applicant proposes to undertake both activities as part of their Application, even if the same general contractor will perform both activities for the Applicant. Reconstruction will be considered as new construction for this purpose.

A total of thirty (30) separate sites may be included in a single project. A site may include a building lot for one (1) unit or be a single parcel of land that will be subdivided into multiple lots where each lot will contain a single unit.

A project may be located in multiple counties. The appropriate income and purchase price limits for the county in which each site is located will be imposed.

Section 4. Total Development Budget - Eligible Costs

The following costs are eligible under the Georgia Dream Single Family Development Program and may be included as part of the Total Development Budget for each site:

- A. Eligible Acquisition Costs. Eligible acquisition costs are those costs related to the acquisition of a site(s) for the project. These costs include land, existing structures on the land, and costs associated with obtaining legal title and closing on the site.
- B. Eligible Development Hard Costs. Eligible development hard costs are those costs required to construct, reconstruct or rehabilitate properties to meet applicable state and local building codes (including the Model Energy Code), accessibility requirements, and Single Family

Development Minimum Construction Standards to ensure that the Georgia Dream Single Family Development Program-assisted housing is decent, safe and sanitary, and to make other essential improvements, including, but not limited to:

1. Energy-related repairs and improvements;
2. Accessibility improvements for individuals with disabilities (whether to comply with ADA requirements or otherwise);
3. Abatement of lead based paint hazards;
4. Repairs and/or replacement of major housing systems in danger of failure; and
5. General property improvements (in accordance with DCA policy) which are non-luxury in nature.
6. Demolition of existing structures on a site where reconstructed or newly constructed housing will be developed.

Eligible hard costs include the following line items: site preparation, landscaping, road construction, utilities and storm sewer, residential construction, and construction contingency.

C. Soft Costs. Related soft costs (costs incurred by the owner, paid to a third-party provider other than the Applicant and associated with the financing or development of reconstruction, new construction, rehabilitation or acquisition) are eligible costs. The following are eligible, related soft costs:

1. Architectural, engineering or related professional services required to prepare plans, drawings, specifications or work write-ups (including the reasonable cost associated with compliance under the State Programmatic Agreement on Historic Preservation);
2. Costs to process and settle the financing for a project such as private lender origination fees, credit report, fees for title evidence, fees for recordation and filing of legal documents, building permits, attorney fees, private appraisal fees and fees for an independent cost estimate, and builder's or developer's fees that are reasonable and customary;
3. Impact fees, hook-up fees and property taxes;
4. Insurance costs, including an initial flood insurance premium;
5. Costs for security at the construction site.
6. Costs to inspect the project for compliance with Program and local/state building codes; and,
7. Costs to market the completed units to prospective home buyers.

- D. Other costs. Other miscellaneous costs which are also approved by DCA at its sole and absolute discretion. These costs may include interim construction financing. Please contact DCA for consideration of Other Costs which may be allowable.

Section 5. Total Development Costs - Ineligible Activities and Costs

The following costs are ineligible under the Georgia Dream Single Family Development Program and may not be included as part of the Total Development Budget for each site:

- A. Acquiring property which is not part of a Georgia Dream Single Family Development eligible housing unit.
- B. Installing off-site improvements (development on any property not owned or under the control of the Applicant).
- R. Paying for any cost that is not eligible under §92.206 through §92.209 of 24 CFR Part 92, HOME Investments Partnerships Program.
- S. Rehabilitating or constructing any housing to be used for rental purposes or for rehabilitating any property occupied by an existing owner.

Section 6. Participation by Faith Based Organizations

Faith Based Organizations are allowed to participate in the Georgia Dream Single Family Development Program. All activities must comply with HUD regulations 24 CFR Parts 5 and 570. A copy of this Federal Register is included at the end of Chapter 3.

Chapter 4 – Georgia Dream Single Family Development Programmatic Requirements

The Georgia Dream Single Family Development Program is regulated by DCA and the U.S. Department of Housing and Urban Development (HUD) in conformance with 24 CFR Part 92, the HOME Final Rule. The following major provisions of the HOME regulations have the greatest impact on the Georgia Dream Single Family Development Program, as well as the on-going responsibilities of Applicants and homeowners.

Section 1. Period of Affordability and Recapture Restrictions

A. Period of Affordability

The period of affordability is set to ensure that the property remains affordable for low and moderate income home buyers. DCA has established a period of affordability of eleven (11) years for all Georgia Dream Single Family Development-assisted units. The period of affordability must be guaranteed in the terms of the home buyer's loan through a deed restriction.

The period of affordability can only begin once the property is sold to an eligible low and moderate income home buyer. The Period of Affordability must be enforced based on Recapture Restrictions established below in Chapter 4, Section 1 B.

The Period of Affordability and associated recapture provisions will be incorporated into the terms of the Home Buyer Subsidy received by the Home Buyer.

B. Recapture Restrictions

Each unit must be made subject to recapture restrictions during the eleven (11) year period of affordability (*See Section 1A above*). The recapture restrictions must be enforced in accordance with a deed restriction to recapture the entire home buyer subsidy provided to the homebuyer at the time of purchasing the unit.

The Developer Subsidy is not subject to recapture under these provisions.

Section 2. Income, Property Value and First-Time Home Buyer Requirements

A. Income Eligibility.

Whenever a Georgia Dream Single Family Development-assisted unit is purchased by the initial buyer, the total annual household income of the buyer must not exceed 80% of the Area Median Income (AMI) as adjusted for household size for the county in which the unit is located. The most current Income Limits are provided in *Manual Appendix J*. HUD's Income Limits change annually. These limits can be obtained from DCA's web site at www.dca.state.ga.us.

- B. Purchase Price Limits.** The purchase price to home buyers of all constructed, reconstructed and rehabilitated property can not exceed the purchase price limits for DCA's Home Buyer/Georgia Dream program. As a result, and in order to encourage conformance with DCA's mortgage assistance programs, the Georgia Dream Single Family Development Program will utilize these guidelines for the Georgia Dream Single Family Development Program. Please note that these purchase price limits are updated annually and may either increase or decrease due to changes in the housing market. The most current purchase price limits are provided in *Manual Appendix L*. Please periodically refer to DCA's web site at www.dca.state.ga.us for updates.

- C. Eligible First Time Home Buyers.** All households purchasing a unit assisted through this program must be either (i) a first-time home buyer or (ii) a home buyer who does not have a present ownership interest and has not had an ownership interest in a home used as his or her principal residence in the three (3) years prior to closing on the loan for the purchase of the unit authorized under the Georgia Dream Single Family Development Program. Potential home buyers from Targeted Areas, as defined by DCA's Home Buyer/Georgia Dream Program, are not required to be first-time home buyers.

Section 3. Lead Based Paint

All properties assisted with Georgia Dream Single Family Development funds must comply with the HUD Lead Based Paint regulations implementing Title X of the 1992 Housing and Community Development Act (24 CFR Part 35). The following properties are exempt from these requirements:

- Housing built after January 1, 1978.
- Housing exclusively for the elderly or people with disabilities, unless a child less than age six (6) is expected to reside there. “Housing exclusively for the elderly” means retirement communities or similar types of housing reserved for households composed of one or more persons 62 years of age or more, or other age if recognized as elderly by a specific Federal housing assistance program. Single family homes occupied by elderly or disabled persons are not exempt.
- Zero bedroom dwellings, including efficiency apartments, single-room occupancy housing, dormitories or military barracks.
- Property that has been found to be free of lead-based paint by a certified lead-based paint inspector. This information may be used to confirm or refute a prior finding.
- Property where all lead-based paint has been identified, removed and clearance has been achieved. This exemption does not apply to residential property where enclosure or encapsulation has been used as a method of abatement.
- Non-residential property.
- Any rehabilitation or housing improvement that does not disturb a painted surface.

The following information should be forwarded to DCA at the time of Application for units not exempt from HUD’s Lead Base Paint Regulations:

- The rehabilitation work write-up;
- The Lead Based Risk Assessment Report; and,
- The Lead Hazard Reduction work write-up, if applicable, based on the results of the Lead Based Paint Risk Assessment Report.

Certification of Lead Based Paint Contractors. The following contractors must be certified by the State of Georgia or the Environmental Protection Agency (EPA) before conducting lead hazard reduction activities:

- Inspector
- Risk Assessor
- Supervisor
- Project Designer
- Abatement Worker

Abatement Contractor. An Abatement Contractor is required when there is more than \$25,000 in funds required to rehabilitate a unit or when mitigation activities cause destruction or disturbance of any leaded surface.

Abatement Activities. Only a certified Lead Based Paint abatement firm which meets the following criteria can perform abatement activities:

- (a) A certified supervisor on site
- (b) Follows EPA work practice standards

For additional information on the Federal Lead Based Paint regulation and a list of certified contractors, firms and risk assessors see *Manual Appendix E*.

Section 4. Davis Bacon

Davis Bacon. Every project approved by DCA that includes 12 or more units assisted with HOME funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis Bacon Act (40 U.S.C 276a-276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332).

Section 5. Home Buyer Education/Counseling

Home buyer education and counseling is essential for first time home buyers. DCA wants to ensure that low to moderate income first time homebuyers who purchase Georgia Dream Single Family Development-assisted units are able to maintain homeownership. Therefore, Applicants must require potential first time homebuyers who purchase a Single Family Development-assisted unit to attend and complete either a home buyer seminar/workshop or an individualized counseling program with an approved and/or certified HUD or DCA housing counseling agency or through an agency with accredited counseling staff through either (1) the Neighborhood Reinvestment Corporation, (2) the National Association of Housing Counselors and Agencies or (3) the American Homeowner Education and Counseling Institute (AHECI). A listing of DCA's approved housing counseling agencies is provided in *Manual Appendix N*. For questions and information about DCA's housing counseling program, please contact DCA's Home Buyer Education Coordinator at (404) 679-0624.

Section 6. Appraisal Guidelines

All appraisals must be submitted at the time of Application on the most recent version of the Uniform Residential Appraisal Report (URAR). A narrative appraisal report which contains all of the required information below is acceptable.

All property appraisals must include original pictures or color digital images of the subject property and a photograph of the street images of the subject property and photograph of the street scene. Any and all additional comments made by the appraiser and the limiting conditions statement must accompany the appraisal. The appraisal must include the "as is" value of the property and the "after development" value of each subject site. The Applicant must provide to the appraiser the development plans and, if applicable, the rehabilitation scope of services.

The Georgia Dream Single Family Development Program requires that an appraiser have appropriate experience and qualifications to conduct appraisals. The appraiser must meet the following standards:

- Be a real estate appraiser duly licensed or certified with the State of Georgia;
- Have successfully completed a nationally recognized basic appraisal course and have appropriate appraisal experience;
- Have demonstrated a high level of integrity, professional ethics and technical ability; and,
- Be eligible to perform FHA and/or VA appraisals, as applicable (for Conventional Loans, the FHA or VA status is not required).

Section 7. Architectural Standards

In accordance with requirements established by the federal government at 24 CFR 92.251 for the proper operation of the Georgia Dream Single Family Development Program, the Georgia Department of Community Affairs (DCA) has established these Architectural Standards. All projects receiving Georgia Dream Single Family Development funds from DCA for the purpose of building new property and rehabilitating existing property must meet or exceed these Architectural Standards. Incorporation of these minimum standards into all work scopes which control the level of construction to be performed on all properties is required. These standards have incorporated all State and local building codes, State energy codes and the HUD housing quality standards, and in many cases DCA requirements exceed the referenced State and Federal Requirements.

The Georgia Dream Single Family Development Program requires that all units funded under the Application meet the applicable Federal and State Accessibility standards as well as all DCA accessibility requirements. For further information on the accessibility laws and requirements that are applicable to projects funded under the Georgia Dream Single Family Development Program, refer to the Manual.

These Architectural Standards do not have the effects of replacing local codes or minimum property standards. All properties must meet or exceed applicable local codes and property standards. With the exception of off-site development costs, measures required to address local codes and property standards are eligible construction costs for properties receiving Georgia Dream Single Family Development funds.

These Architectural Standards are applicable to new construction, reconstruction and rehabilitation construction. New construction, reconstruction and rehabilitation construction are governed by all local and state building codes and requirements.

Building Permits are required for all units to be funded under the Georgia Dream Single Family Development Program, if building permits are issued in the community. Proof of inspections and approvals by local officials will be required prior to the loan closing for the purchase of a unit by an eligible home buyer.

Final determination as to an Application's compliance with the Architectural Standards rests solely with DCA.

A. General Standards for all Properties

1. Drawings and Specifications:

The architectural drawings and specifications must be in compliance with the Livability Standards found in HUD's Minimum Property Standards 4910.1 (1984). These are the

minimum standards. Where DCA or local standards are higher, the higher standards will prevail. All Federal, State, and Local codes must be met, including all applicable Building and Fire Codes, applicable Federal and State Accessibility laws and requirements, Georgia Energy Code, and any other applicable requirements. In every case, the most restrictive requirement will prevail.

2. Contract Drawings:

The contract drawings should be complete clear and consistent in order to minimize construction problems, schedule delays, discrepancies in documentation and cost overruns, all of which affect the overall construction process. Applicants should refer to the Architectural Submittal Standards for document format and submittal requirements.

3. Exterior Construction Materials:

All construction materials must be appropriate for lifecycle cost and ease of maintenance. All materials are to be installed according to manufacturer specifications using acceptable methods and materials that will result in the issuance of a manufacturer's guarantee. All materials must bear the label of an industry accepted testing or certification agency. Preference must be given to materials that represent low maintenance and longevity over the life of the property. Any major component of a rehabilitation project with less than five (5) years expected useful life remaining shall be replaced. Specific exterior construction material requirements are listed below:

- a. Roofing: DCA requires a minimum warranty of twenty (20) years for all pitched roofs that must be verified by the manufacturer. Note: flat roofs are not permitted in any construction. Gutters and downspouts are mandatory for all construction on all buildings.
- b. Vinyl Siding: DCA requires commercial grade siding with a minimum thickness of .044 and with a 15-year warranty to be verified by the manufacturer.
- c. Manufactured Siding: Siding must be 7/16" nominal thickness or equivalent with a 20-year warranty. The warranty must be verified by the manufacturer.
- d. Wood Siding: Cedar or redwood in random lengths of 4'-0" or greater is acceptable. Any other wood siding product must be approved by DCA prior to order and installation. The warranty must be verified by the manufacturer.
- e. Dryvit: The installation of dryvit, or similar products, must include protection of finish in high traffic areas and must be approved by DCA.
- f. Stucco: Hard stucco may be used in some instances, but must be approved in advance of by DCA.
- g. Soffits & Fascias: Consideration should be given to prefinished or low maintenance finishes to all fascias and soffits. Gutters and downspouts are mandatory for all construction and on all buildings.

- h. Exterior Doors and Windows: Exterior doors must be 1¾” metal insulated or solid core wood, 20 minute rated door. Windows must have insulated glass and meet Georgia Energy Standards.

B. Single Family Development Architectural Submittal Instructions

These instructions are established as an aid to the Applicant, detailing the necessary submissions, cost controls, scheduling, approvals and procedures to be used during development of the Application. Disciplined adherence to these requirements, together with periodic consultation with DCA staff, is essential to ensure that scheduling deadlines are met and that a high quality project will result. All submittals are required to be on the most current standard forms issued by the American Institute of Architects (AIA).

1. Summary of Submittal Requirements DUE WITH ALL APPLICATIONS:

- a. Location/vicinity map of each unit site within the community.
- b. Conceptual Site Development Plan of each site should include:
 - Easements existing on the property must be indicated on the plan. (Information should be compiled from public records and other appropriate sources).
 - Wetlands and Floodplains. Applicant must submit at the time of Application Process maps and/or documentation from a qualified third party certifying that the eligible site is not located within a floodplain/wetland. Sites located within a floodplain/wetland area are not eligible for the Georgia Dream Single Family Development Program.

Existing single family housing unit(s) located within a flood plain is/are eligible. Flood insurance must be obtained and a certification from an Environmental Consultant that the unit is located within a flood hazard zone is due at the time of Application. (This information must be supported by the wetlands map, wetlands delineation report, and floodplain map submitted in the Environmental Screening Checklist).

- Utilities (water, sanitary and storm sewers, electricity, gas and telephone) must be located on the plan and contact information included in the notes.
 - Use of all adjacent properties indicated both graphically and in written form.
 - All zoning setbacks and any other zoning restrictions for the subject property must be graphically indicated.
 - An indication of all structures, slabs, tanks and any other improvements existing on the property.
 - An indication of any other features physical or otherwise that would affect the development of the subject property.
 - The location of the proposed entrance access to the property and a layout of the unit, driveways, etc. must be indicated, and;
 - An indication of all areas of tree and vegetation to be preserved and those to be installed.
- c. Environmental Screening Checklist (See Environmental Guide).

- d. Phase I and II Report (if applicable).
- e. Physical Needs Assessment for all existing improvements on the property.
- f. Color photographs of the property and adjacent surrounding properties and structures, with location map. Aerial photographs are desirable and should be submitted whenever they are available. (Black and white photographs are not acceptable).
- g. Any other documentation needed at DCA's sole discretion as requested.

Section 8. HUD Contractor Debarment Clearance

An Applicant must submit at the time of Application, a Debarment Clearance Form (See Form SFD-3) for each contractor. The Applicant must verify the Contractor's eligibility at the web site located at www.epls.arnet.gov to ensure that the contractor is not on the current HUD Debarment List. Clearance letters and documentation must be kept in your project files.

Chapter 5 - Financial Management

The financial management and administration of the Georgia Dream Single Family Development Program is regulated by the HOME Final Rule (24 CFR Part 92) and the Code of Federal Regulations. This chapter clarifies the requirements contained in these documents. In addition, suggested formats and procedures have been included wherever appropriate. Please note that where discrepancies occur, the Applicant must rely on the requirements of the HOME Final Rule, the federal circulars (OMB Circular A-87 and Nonprofit subrecipients under OMB Circular A-122), and 24 CFR Part 84 as the final determination.

Section 1. Record Keeping and Retention Requirements

- A. General Requirements. The Applicant must establish and maintain sufficient records to enable DCA to determine whether the Applicant has complied with all applicable Georgia Dream Single Family Development Guidelines and the HOME regulations.
- B. Records During Project Operation. During project operation, records pertaining to all project activities must be kept in a well-organized manner (See sample filing format below) and in a location accessible to DCA (and others as needed).
- C. Records After Project Close-Out. After project closeout, any written agreements, required project records, and all Agreements must be maintained in an accessible location, which may include an acceptable record storage facility, for the required retention period.
- D. Record Retention Period. All Georgia Dream Single Family Development project records must be kept for a minimum of five (5) years after expiration of the Conditional Commitment of Funds. Records pertaining to any litigation, claim, negotiation, or audit, monitoring,

inspection, or other action which may have started before the expiration of the required record retention period must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

Sample Program Records Filing Form

1. Single Family Development Application File:

- *Copy of Application.*
- *Correspondence about Application.*
- *Georgia Dream Single Family Development Program Manual.*
- *Conditional Commitment of Funds.*
- *Correspondence with DCA.*
- *DCA Notice.*

General Project Files:

- *Executed Construction Loan Documents*
- *General Contractor Agreements*
- *Agreements for all other providers (Architect, attorneys, etc....)*
- *Copies of all Payments to all Contractors*
- *Affirmative Fair Housing Marketing Plan*
- *Affirmative Fair Housing Marketing Plan Annual Reports*
- *MBE/WBE Outreach Plan*
- *MBE/WBE Quarterly Reports & Final Report*
- *Section 3 Quarterly Reports and Final Report*
- *Copy of disbursement of funds, if Development Subsidy provided*
- *Development Cost Certification, if Development Subsidy provided.*
- *Copy of most recent Annual Audit for the Applicant.*
- *If Applicant is a nonprofit 501(c)3 or 501(c)4 organization, a copy of each annual report submitted in compliance with O.C.G.A. 50-20-1 through 50-20-8, Contracting with Nonprofit Organizations.*
- *Environmental Screening Checklist for each project site.*
- *Environmental Phase I & II reports if required.*
- *Treatment Documentation for triggered regulations (e.g. Historic Preservation).*
- *Selected Professionals used for treatment (e.g. Qualified Professional selected under the Programmatic Agreement for Historic Preservation).*

2. Unit Files

- *Settlement Statement*
- *Final appraisal*
- *Interim and Final Inspection Reports*
- *Certificate of Occupancy, if applicable*
- *Lead-based Paint Inspections & Clearance letters, if rehabilitation*
- *Work Write-up and Cost Estimates*
- *Documentation of Age of Home*

3. Project Files (Separate Files should be maintained for each unit):

- *Project Budget (Sources and Uses) Worksheets*
- *Commitments of Other Private/Public Funds*
- *Approvals/Denials.*
- *Contractor Award Notice*
- *Contract*
- *DCA Project Draw Down Request*

The format of the filing system may vary from Applicant to Applicant. However, the basic files listed above should be maintained by all Applicants to ensure compliance with the conditions of funding award and to facilitate day to day project management.

To obtain copies of forms for the Georgia Dream Single Family Development Program, please contact DCA's Housing Development Coordinator at (404) 679-0680.

Section 2. Procurement Standards for Contracts entered into by Applicants

The Applicant is the responsible authority with regard to all contracts entered into directly between the Applicant and the contractor (including administrative agents), and without recourse to DCA regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into, in connection with a Single Family Development assisted property. Matters concerning violation of law are to be referred to such local, State or Federal authority as may have proper jurisdiction. However, Applicants are encouraged to contact DCA for assistance in any procurement matter.

The following procurement standards shall apply to all transactions entered into directly between the Applicant and the contractor:

- A. Applicants may use their own procurement regulations which reflect applicable federal, State and local law, rules and regulations provided that all procurements associated with the Georgia Dream Single Family Development funds must meet the following standards:
 1. The Applicant must maintain written codes or standards of conduct to govern the performance of its officers, employees or agents in contracting with and expending Georgia Dream Single Family Development funds. A copy of these written codes or standards of conduct should be submitted at the time of Application. Applicant's officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. No employee, official or agent of the Applicant can participate in the selection, or in the award or administration of a contract supported by the Georgia Dream Single Family Development funds if a conflict of interest, real or apparent, would be involved. (*See Chapter - 1, Section 5: Avoiding Conflicts of Interest*).

Applicants may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value.

- To the extent permissible by State or local law, rules or regulations, the Applicant's standards must provide for penalties, sanctions, or other disciplinary actions to be applied for violations of such standards by either the Applicant's officers, employees, or agents, or by contractors or their agents.
2. It is national policy to award a fair share of contracts to small, minority, and women business enterprises. Accordingly, affirmative steps must be taken to assure that small and minority businesses are utilized where possible as sources of supplies, equipment, construction and services. Each Applicant must develop a Minority and Women Business Enterprise Outreach Plan which conforms to the MBE/WBE Outreach Plan Guide form attached at *Manual Appendix P*. DCA's approval of this plan is required as on of the Special Conditions required of each Applicant.
 3. All Procurement transactions entered into by the Applicant regardless of whether negotiated or advertised and without regard to dollar value shall be conducted in a manner so as to provide maximum open and free competition. The Applicant must be alert to organizational conflicts of interest or non-competitive practices among contractors which may restrict or eliminate competition or otherwise restrain trade.

Examples of what is considered to be restrictive of competition include, but are not limited to:

- a. Placing unreasonable requirements on firms in order for them to qualify to do business;
 - b. Non-competitive practices between firms;
 - c. Organizational conflicts of interest; and
 - d. Unnecessary experience and bonding requirements.
4. Applicants must have written selection procedures that provide, at a minimum, the following procedural requirements:
 - a. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, set forth minimum essential characteristics and standards to which it must conform to be satisfactory. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equal" description may be used as a means to define the performance or other important requirements of procurement. The specific features of the named brand which must be met by bidders must be clearly stated.
 - b. Clearly set forth all requirements which bidders must fulfill or all other factors to be used in evaluating bids or proposals.
 - c. Awards shall be made only to responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration must be given to such matters as contractor integrity,

compliance with public policy, record of past performance, and financial and technical resources. DCA has the sole and absolute right to reject any contract if it does not meet this requirement.

- d. Proposed procurement actions must be reviewed by Applicant officials to avoid purchasing unnecessary or duplicative items. Where appropriate, an analysis must be made of lease and purchase alternatives to determine which would be the most economical practical procurement. Consideration should be given to consolidated or breaking out to obtain a more economical purchase. To foster greater economy and efficiency, Applicants are encouraged to enter into State and local intergovernmental agreements for procurement or use of potentially shared equipment and services.
 - e. Applicants must perform some type of cost or price analysis in connection with every procurement action including contract modifications and must only permit allowable costs to be included. *THE COST PLUS A PERCENTAGE OF COST METHOD OF CONTRACTING SHALL NOT BE USED. IN ADDITION, CONTRACTS WITH OTHER PUBLIC AGENCIES WILL ONLY ALLOW ACTUAL COST TO BE PAID. NO PROFIT IS ALLOWABLE WHEN CONTRACTING WITH OTHER PUBLIC AGENCIES.*
 - f. Applicants must maintain records sufficient to detail the significant history of procurement. These records must include, but are not necessarily limited to, information pertinent to rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the cost or price.
 - g. Applicants must maintain a contract administration system that insures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase order.
- B. Contract Requirements. The Applicant must include, in addition to the provisions needed to define a sound and complete agreement, the following provisions in all contracts and subgrants:
- 1. Contracts other than small purchases must contain such contractual provisions or conditions which will allow for administrative, contractual or legal remedies in instances where contractors violate or breach contract terms, and provide for appropriate sanctions and penalties.
 - 2. All contracts in excess of \$10,000 must contain provisions for terminations “for convenience” by Applicant, including when and how termination may occur and the basis for settlement. In addition, all contracts must describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.
 - 3. All contracts awarded by Applicants and their contractors or subgrantees having a value of more than \$10,000 must contain a provision requiring compliance with Executive Order 11246, entitled "Equal Employment Opportunity", as amended by Executive Order 11375, and as supplemented in the Department of Labor regulations (41 CFR, Part 60).

4. All negotiated contracts (except those of \$ 10,000 or less) must include a provision that DCA, HUD, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific grant program for the purposes of making audit, examination, excerpts, and transcriptions for 3 years after final payment of the Applicant and all pending matters are closed.
5. Contracts, subcontracts and subgrants of amounts in excess of \$100,000 must contain a provision which requires compliance with all applicable standards, orders, or requirements issued under Section 306 of the Clean Air Act (42 U.S.C. 1857(h) or Section 508 of the Clean Air Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR, Part 15., which prohibit the use of facilities included on the EPA List of Violating Facilities. The provision shall require reporting of violations to DCA and to the U.S.E.P.A. Assistant Administrator for Enforcement (P.L. 94-163).
6. Contracts, subcontracts and subgrants of amounts in excess of \$100,000 must contain a provision which requires compliance with all applicable standards, orders, or requirements issued under Section 3 of the Housing and Urban Development Act of 1968.
7. Contracts must recognize mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act (P.L. 94-163).